



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item No. 2b

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*Memorandum*

TO: Operations Committee

DATE: May 4, 2012

FR: Executive Director

W.I. 320-1221, 310-2700

RE: Clipper® Program Contract Actions:

- i. Contract Amendment – Customer Education: MIG, Inc. (\$1,650,000)
- ii. Contract Amendment – Technical Advisor: CH2M Hill (\$1,350,000)
- iii. Contract Amendment – Distribution and Card Management Oversight: Acumen Building Enterprise, Inc. (\$250,000)
- iv. Contract Amendment – Budget and Device Performance Monitoring: Kimley-Horn and Associates (\$250,000)
- v. Contract Amendment – Customer Outreach: Caribou Public Relations (\$200,000)
- vi. Contract Amendment – Community Outreach and Customer Service Oversight: Synapse Strategies (\$310,000)
- vii. Funding Agreement Amendment – Clipper®-RTC Discount Card Program Integration: BART (\$50,000)
- viii. Contract Change Order – Increased Retailer Commission: Cubic Transportation Systems Inc. (\$1,250,000/yr.)
- ix. Contract Change Order – SSAE 16 Readiness Assessment and Audit: Cubic Transportation Systems, Inc. (\$100,000)

**Clipper® Program Status Report**

Attachment 1 includes information about Clipper® system operations in March 2012. As shown in the attachment, weekday transaction volume now exceeds 600,000 transactions.

**Contract Actions**

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into the following contract actions. Note that items i-vii are amendments to existing contracts or funding agreements related to MTC's ongoing management and oversight of the Clipper® program. The recommended amendments will allow for the continued provision of services through FY 2012-13. Last month, the Committee approved amendments to three other existing contracts/funding agreements related to continued operation of the Clipper® in-person customer service centers through FY 2012-13. Together, the amendments approved last month and the amendments recommended for approval this month comprise the full set of consultant contracts and transit agency funding agreements that support MTC's ongoing management and oversight of the Clipper® program through FY 2012-13.

**i. Contract Amendment – Customer Education: MIG, Inc. (\$1,650,000)**

In January 2012, the Operations Committee approved a multi-year contract with MIG, Inc. (MIG) to provide customer education services for Clipper®. The proposed scope of work for this amendment includes oversight and coordination of Clipper®'s customer education initiatives; improvements to clippercard.com; and specific customer education campaigns to announce the launch of Clipper® on additional transit systems (Water Emergency Transit Authority, Marin Transit, Union City Transit, SolTrans, Vacaville Citycoach, Fairfield and Suisun Transit, Vallejo Transit, Rio Vista Delta Breeze, Dixon Transit, and Napa VINE.), encourage use of pre-tax transit benefits, encourage Clipper® adoption among low-income and limited-English proficiency customers, and encourage adoption of Clipper®'s Autoload feature.

**ii. Contract Amendment – Technical Advisor: CH2M Hill (\$1,350,000)**

In December 2008, the Operations Committee approved a multi-year contract with Booz Allen Hamilton (BAH) to provide technical oversight of the Clipper® Contractor and coordination with the transit operators and other consultants. MTC assigned this Contract to CH2M Hill in August, 2011. The proposed scope of work for this amendment includes review of design submittals, testing and inspection services, operations support and general project oversight. CH2M Hill will provide technical support for major project milestones including Final Acceptance of the Clipper® fare payment system and deployment of Clipper® to additional transit systems. Staff recommends amending this contract to provide \$1,350,000 for operational, system enhancement, and on-site program management support, and Clipper® Contractor oversight during FY 2012-13.

**iii. Contract Amendment – Distribution and Card Management Oversight: Acumen Building Enterprise, Inc. (\$250,000)**

A competitive procurement conducted in 2010 resulted in the pre-qualification of a consultant “bench” to provide various types of consulting assistance to the Clipper® Program. In July 2010, the Operations Committee approved the inclusion of Acumen Building Enterprise (Acumen) as part of the Clipper® Consultant Assistance Program. MTC and Acumen executed an initial contract in 2011, and the current contract amount is \$375,000. Under this contract, Acumen has performed oversight, monitoring, and performance management functions related to distribution/sales of Clipper® cards, which includes retail, employer and institutional program activities. Under the proposed contract amendment, Acumen will continue providing these services through FY 2012-13.

**iv. Contract Amendment – Budget and Device Performance Monitoring: Kimley-Horn and Associates (\$250,000)**

In July 2010, the Operations Committee also approved Kimley-Horn and Associates (KHA) as part of the Clipper® Consultant Assistance Program. MTC and KHA executed an initial contract in 2010, and the current contract amount is \$420,000. Under this contract, KHA has provided the following services: field inspections of Clipper® equipment and budget/funding management and analysis, including long-range cost forecasting for the Regional Transportation Plan; detailed information for the MTC annual agency budget; and detailed forecasts of each participating transit agency's share of the Clipper® operations and maintenance expenses. Under the proposed contract amendment, KHA will continue providing these services through FY 2012-13.

**v. Contract Amendment – Customer Outreach: Caribou Public Relations (\$200,000)**

In February 2011, the Operations Committee approved Caribou Public Relations (Caribou) as one of the pre-qualified firms on the On-Call In-Person Customer Education/Outreach Services Program “bench”. MTC executed an initial contract with Caribou in 2011, and the current contract amount is \$566,000. To date, Caribou has delivered more than 1,000 Clipper® outreach events not only in transit stations, but also in community locations, on buses, in schools, and other locations appropriate for reaching transit riders. Under the proposed contract amendment, Caribou will continue providing these services in support of Clipper®’s expansion to additional transit systems (Water Emergency Transit Authority, Marin Transit, Union City Transit, SolTrans, Vacaville Citycoach, Fairfield and Suisun Transit, Vallejo Transit, Rio Vista Delta Breeze, Dixon Transit, and Napa VINE), during the final phase of the VTA/Clipper® fare media transition, and as part of the continuing effort to encourage Clipper® adoption among low-income and limited-English proficiency customers.

**vi. Contract Amendment – Community Outreach and Customer Service Oversight: Synapse Strategies (\$310,000)**

In July 2010, the Operations Committee also approved Synapse Strategies (Synapse) as part of the Clipper® Consultant Assistance Program. MTC executed the current contract with Synapse in 2011, and the current contract amount is \$485,000. Under this contract, Synapse has provided the following services: oversight and coordination of in-person customer outreach; coordination of customer education targeting low-income, youth, senior, and limited-English proficiency customers; completion of a public engagement initiative pertaining to the draft *Title VI Summary Report, Clipper® Fare Media Transitions*; and customer service oversight. Under the proposed contract amendment, Synapse will continue providing these services through FY 2012-13.

**vii. Funding Agreement Amendment – Clipper®-RTC Discount Card Program Integration: BART (\$50,000)**

In 2006, MTC executed a funding agreement with BART to enable BART’s RTC Discount Card Program contractor to incur additional expenses associated with its role as a distributor of Clipper® cards to qualifying senior citizens and persons with disabilities. In May 2010, the Operations Committee approved an amendment to the funding agreement that enabled the RTC Discount Card Program to continue performing these services through FY 2011-12, when the BART contract with the RTC Discount Card Program contractor was set to expire. BART recently agreed to extend its contract with the RTC Discount Card Program contractor for an additional six months, at the end of which MTC and the transit agencies will incorporate some functions of the current RTC Discount Card Program contract into the Clipper® program and other functions will transfer to a new RTC-specific contract overseen by AC Transit. Transferring some functions of the RTC Discount Card Program to Clipper® will result in improved customer service and more efficient operations. MTC staff supports the six-month extension of the current arrangement. Under the proposed funding agreement amendment, BART and its RTC Discount Card Program contractor will continue providing the Clipper® services for an additional six months.

**viii. Contract Change Order – Increased Retailer Commission: Cubic Transportation Systems Inc. (\$1,250,000/year)**

Retailers participating in the Clipper® program receive a commission of 1% of the Clipper® value sold, which is consistent with the amount paid by several transit agencies prior to Clipper®. (Prior to Clipper®, the transit agencies paid a range of commissions as high as 4% for Golden

Gate Transit and as low as 0% for VTA). Retailers receive the commission from Cubic Transportation Systems, Inc. (Cubic), which manages the Clipper® retail network. While MTC holds the contract and pays all invoices, the Clipper® Memorandum of Understanding (MOU) specifies that the transit agencies are financially responsible for this operational expense; accordingly, MTC invoices the transit agencies for this expense each month.

About six months ago, several participating retailers including the largest Clipper® retailer, Walgreens, notified MTC that the 1% commission did not cover their Clipper®-related operating expenses. Participating retailers described several Clipper®-specific expenses that they did not incur when selling paper transit passes/tickets: credit/debit processing fees, telecommunications lines for the Clipper® sales terminals, labor expenses associated with increasingly complex sales transactions, and management overhead for financial oversight. The retailers explained that increased customer traffic did not offset the increased expenses. In short, selling Clipper® value is significantly more complex and expensive than selling paper transit fare media.

In response to the request from Walgreens and other retailers, MTC began discussions with representatives from all participating transit agencies concerning whether to increase compensation to retailers. MTC and the transit agencies carefully analyzed data from Walgreens concerning Clipper®-related expenses to determine the accuracy of the assertions concerning operation expenses. Following completion of this due diligence, the discussion between MTC and the agencies reached a point of consensus, and the agencies have agreed to support increasing the per transaction commission from 1% to 2%. The proposed change order incorporates the change in the commission into the MTC-Cubic contract; the proposed change order will also establish additional terms for retailers to limit MTC and the transit agencies' risk. Per the MOU, the transit agencies will bear the financial impact of the change, and Cubic will pass the revenue received onto the participating retailers as compensation for their participation in the Clipper® program.

**ix. Contract Change Order – SSAE 16 Readiness Assessment and Audit: Cubic Transportation Systems, Inc. (\$100,000)**

Under the proposed Contract Change Order, Cubic will contract with an auditing firm to obtain a Standards for Attestation Engagement No. 16 (SSAE 16) Readiness Assessment and Audit to include review of controls associated with fare processing, financial reconciliation, cardholder support services, card fulfillment, and information technology (system operations and back end functionality).



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Steve Heminger

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**Table 1: Summary of System Utilization**

	Last Month March 2012	Prior Month February 2012	Prior Year March 2011
<b>Transaction Volume</b>			
Average Number of Weekday Transactions	607,705	617,513	388,387
Fee-Generating Fare Payment Transactions (monthly total)	15,428,017	14,519,773	9,943,531
Fee-Generating Add Value & Refund Transactions (monthly total)	1,114,311	1,060,049	690,650
Total Fee-Generating Transactions	16,542,328	15,579,822	10,634,181
Unique Cards Used	548,040	533,592	357,179
Active Card Accounts	1,118,366	1,096,249	664,793
Percent of Registered Active Cards	45%	45%	46%
Settled Transit Operator Revenue	\$29,212,149	\$27,888,658	\$19,967,146
<b>Autoload Activity</b>			
Percent of Registered Cards with Autoload	39%	39%	43%
Autoload Transactions	257,562	250,046	163,711
<b>Call Volume</b>			
Customer Service Representative (CSR) Calls	28,119	29,055	35,867
CSR Calls per Unique Card Used	0.05	0.05	0.10
Help Desk Calls	970	786	1,545
<b>Website Traffic</b>			
Unique Visitors	132,298	132,862	127,158
Website Visits	191,644	191,747	192,528
Website Visits per Unique Card Used	0.35	0.36	0.54

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 310-2700, 320-1221

Contractor: MIG, Inc.  
Berkeley, CA

Project Title: Customer Communication, Education, and Public Awareness Services

Purpose of Project: Inform transit riders about Clipper<sup>®</sup>, how to get a card, how to load value, and how to pay fares with Clipper<sup>®</sup>

Brief Scope of Work: Oversight and coordination of customer education initiatives; improvements to clippercard.com; and campaigns to announce the launch of Clipper<sup>®</sup> on additional transit systems, encourage use of pre-tax transit benefits, encourage adoption among low-income and limited-English proficiency customers, and encourage use of Autoload.

Project Cost Not to Exceed: \$1,650,000 (this amendment)  
Total contract including amendments before this amendment = \$300,000  
Total authorized contract amount with this amendment = \$1,950,000

Funding Source: Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract with MIG, Inc. for the purposes described herein and in the Executive Director's memorandum dated May 4, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$1,650,000 for such contract amendment.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: May 11, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 310-2700, 320-1221

Contractor: CH2M Hill  
San Francisco, CA

Project Title: Clipper® Technical Advisor

Purpose of Project: Provide continued technical oversight of the Clipper® Contractor and coordination with the transit operators and other consultants.

Brief Scope of Work: Provide support of Clipper® Contract administration, project oversight, project coordination, business assistance, operations support and deployment oversight during FY 2012-13.

Project Cost Not to Exceed: \$1,350,000 (this amendment)  
Total contract including amendments before this amendment = \$8,411,603 (includes \$3,761,839 of funds provided by SFMTA)  
Total authorized contract amount with this amendment = \$9,761,603

Funding Source: CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into one or more contract amendments with CH2M Hill for the purposes described herein and in the Executive Director's memorandum dated May 4, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$1,350,000 for such amendment(s), subject to the annual budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: May 11, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 310-2700, 320-1221

Contractor: Acumen Building Enterprise, Inc.  
Oakland, CA

Project Title: Clipper® Consultant Assistance Program

Purpose of Project: Oversee Clipper® program areas including card and value distribution, card inventory, and card procurement

Brief Scope of Work: Contractor will perform monitoring and performance management functions related to distribution/sales of Clipper® cards and value, through FY 2012-13.

Project Cost Not to Exceed: \$250,000 (this amendment)  
Total contract including amendments before this amendment = \$375,000  
Total authorized contract amount with this amendment = \$625,000

Funding Source: CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with Acumen Building Enterprise, Inc. for the purposes described herein and in the Executive Director's memorandum dated May 4, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$250,000 for such a contract amendment, subject to the annual agency budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved: Date: May 11, 2012



## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 310-2700, 320-1221

Contractor: Kimley-Horn and Associates, Inc.  
Oakland, CA

Project Title: Clipper® Consultant Assistance Program

Purpose of Project: Ensure performance of Clipper® equipment and manage Clipper® program budget and funding data

Brief Scope of Work: Conduct field inspections of Clipper® equipment at bus yards and other sites to ensure performance of Clipper® equipment; and maintain records regarding planned and actual program expenditures, develop cost forecasts to assist with annual budgeting process, and perform other related tasks through FY 2012-13.

Project Cost Not to Exceed: \$250,000 (this amendment)  
Total contract including amendments before this amendment = \$420,000  
Total authorized contract amount with this amendment = \$670,000

Funding Source: CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to enter into one or more contract amendments for the purposes described herein and in the Executive Director's memorandum dated May 4, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$250,000 for such amendment(s), subject to the annual agency budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: May 11, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 310-2700, 320-1221

Contractor: Caribou Public Relations  
Martinez, CA

Project Title: Clipper® Outreach and Education Services

Purpose of Project: Promote awareness of Clipper® and provide on-site assistance at key transit locations to Clipper® customers

Brief Scope of Work: Execute in-person customer education/outreach events at key transit locations through FY 2012-13.

Project Cost Not to Exceed: \$200,000 (this amendment)  
Total contract including amendments before this amendment = \$566,000  
Total authorized contract amount with this amendment = \$766,000

Funding Source: Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendments with Caribou Public Relations for the purposes described herein and in the Executive Director's memorandum dated May 4, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$200,000 for such a contract amendment.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: May 11, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 310-2700, 320-1221

Contractor: Synapse Strategies  
Oakland, CA

Project Title: Clipper® Distribution and Communications Planning and Support Services

Purpose of Project: Provide oversight and support for customer education, distribution and customer service functions

Brief Scope of Work: Oversee in-person customer education/outreach services; planning and support services related to Clipper® marketing and communication and customer service initiatives through FY 2012-13.

Project Cost Not to Exceed: \$310,000 (this amendment)  
Total contract including amendments before this amendment = \$485,000  
Total authorized contract amount with this amendment = \$795,000

Funding Source: Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with Synapse Strategies for the purposes described herein and in the Executive Director's memorandum dated May 4, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$310,000 for such contract amendment, subject to the annual agency budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved: Date: May 11, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Funding Agreement Amendment

Work Item No.: 310-2700, 320-1221

Contractor: San Francisco Bay Area Rapid Transit District (BART)  
Oakland, CA

Project Title: Clipper® Regional Transit Connection (RTC) Discount  
Card Program Integration

Purpose of Project: Enable the RTC Discount Card Program to provide  
Clipper® cards to qualifying senior citizens and persons  
with disabilities

Brief Scope of Work: The RTC Discount Card Program Central Processor will  
perform Clipper®-related services by providing Clipper®  
cards to qualifying senior citizens and persons with  
disabilities for the first six months of FY 2012-13.

Project Cost Not to Exceed: \$50,000 (this amendment)  
Total contract including amendments before this  
amendment = \$352,297  
Total authorized contract amount with this amendment =  
\$402,297

Funding Source: Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds subject to adoption of the FY 2012-13 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to  
negotiate and enter into a funding agreement amendment with  
BART for the purposes described herein and in the Executive  
Director's memorandum, and the Chief Financial Officer is  
authorized to set aside funds up to \$50,000 for such amendment,  
subject to agency budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: May 11, 2012

### Summary of Proposed Contract Change Order

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's memorandum dated May 4, 2012.

**Jake Mackenzie, Chair**

Approved: \_\_\_\_\_ Date: May 11, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Change Order

Work Item No.: 320-1221

Contractor: Cubic Transportation Systems, Inc.  
San Diego, CA

Project Title: Clipper® Fare Payment System Contractor

Purpose of Project: Review Clipper® system controls

Brief Scope of Work: Contractor will contract with an auditing firm to obtain a Standards for Attestation Engagement No. 16 (SSAE 16) Readiness Assessment and subsequent Audit to include review of controls associated with fare processing, financial reconciliation, cardholder support services, card fulfillment, and IT (system operations and back end functionality).

Project Cost Not to Exceed: \$100,000  
Total Contract before this Change Order = \$124,419,466  
Total Authorized Contract after this Change Order = \$124,519,466

Funding Source: CMAQ, STA, STP Exchange, Regional Measure 2 Capital and Regional Measure 2 Operating

Fiscal Impact: Funds included in the FY 2011-12 agency budget.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's memorandum dated May 4, 2012 and the Chief Financial Officer is authorized to set aside funds up to \$100,000 for such contract change order.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: May 11, 2012